

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: February 28, 2007

Bill Number: H.B. 3482

Author: Talley

Committee Requesting Impact: House Ways & Means Committee

Bill Summary

A bill to amend Section 12-6-510, of the Code of Laws of South Carolina, 1976, relating to the rates and income brackets applicable for individuals, estates, and trusts for purposes of the South Carolina Income Tax Act, so as to reduce the top marginal tax rate from seven percent to 6.6 percent and to update the brackets to reflect past inflation adjustments.

REVENUE IMPACT ^{1/}

This bill would reduce General Fund individual income tax revenue by an estimated \$194,360,000 in FY2007-08.

Explanation

This bill would amend Section 12-6-510(A) to reduce the top marginal individual income tax rate from 7.0% to 6.6% imposed on the taxable income of individuals, estates, and trusts, for taxable years beginning after 2006. Based upon the BEA's individual income tax estimate of \$3,401,273,503 in FY2007-08 made on February 15, 2007, reducing the top marginal individual income tax rate from 7.0% to 6.6% in tax year 2007 would require the use of \$194,360,000 of recurring funds in FY2007-08. This act takes effect upon approval by the Governor.

/s/ WILLIAM C. GILLESPIE, PH.D.

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Chief Economist

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^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.